

The Global Newspaper
Edited and Published
in Paris
Printed simultaneously
in Paris, London, Zurich,
Hong Kong, Singapore,
The Hague, Manila,
Miami, Rome.

10

INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

No. 32,554

43/87

PARIS, SATURDAY-SUNDAY, OCTOBER 24-25, 1987

ESTABLISHED 1887

Shultz Ends Talks In Moscow Without Date for a Summit

By Gary Lee
and Don Oberdorfer
Washington Post Service

MOSCOW — Two days of Soviet-American meetings ended here Friday night, without the expected announcement of the date for a summit meeting this year in Washington because of last-minute objections by Mikhail S. Gorbachev.

Secretary of State George P. Shultz, who announced the surprising news at the end of the talks, said Mr. Gorbachev "is apparently not yet satisfied, particularly in the area of space and defense," that arms control progress justifies his visit to Washington.

The previous U.S. belief, based on many earlier signals from the Soviet Union, was that agreement on a treaty banning medium- and short-range missiles would be sufficient to justify a summit meeting this year.

Apparently hardening the Kremlin's conditions for a Washington summit meeting, the Soviet foreign minister, Eduard A. Shevardnadze, said Friday night that holding such a meeting would require key provisions for reducing strategic arsenals and strengthening the Anti-Ballistic Missile Treaty of 1972.

In his meeting with Mr. Shultz on Friday, Mr. Gorbachev left a small possibility that he would return to a U.S.-Soviet agreement made a month ago to hold a summit meeting this fall.

"I am ready to visit the United States," the Soviet press agency Tass quoted him as saying. "But so far, I am put on my guard by possible results."

Mr. Shevardnadze, in a news conference after Mr. Shultz's, said, "If we get the key provisions, then there will be no problem for a summit and the signing of a treaty on medium- and shorter-range missiles."

Mr. Shevardnadze said that the

gap between the two sides over an intermediate nuclear forces treaty could be resolved "in three weeks" but that the Soviet Union viewed a summit meeting as a forum more for narrowing differences over space and strategic agreements than for signing an accord on medium- and short-range missiles.

He said such an accord could be signed when completed, but added that "the conditions, where and when, that remains to be determined."

There were differences of opinion among the members of Mr. Shultz's negotiating team about why the setback came about and how serious it will turn out to be.

One senior official said the Russians seemed to have hardened their positions in several areas and speculated that Mr. Gorbachev might be facing unexpected domestic pressures. Objections to a summit meeting centering largely on an Intermediate Nuclear Forces accord may have arisen at a Central Committee meeting held suddenly on the eve of Mr. Shultz's visit, the official said.

The prevailing view among Western diplomats based in Moscow, however, was that withholding the summit dates and leaving an intermediate nuclear forces treaty in limbo was part of a Gorbachev strategy to put pressure on the Reagan administration into a compromise deal limiting research on space defense.

The Kremlin leader used similar tactics at a summit meeting with Mr. Reagan in Reykjavik, Iceland, a year ago. The meeting eventually broke down without agreement because of a dispute between the two over Mr. Reagan's plans to build a defense shield against nuclear weapons.

In a four-and-a-half-hour meeting at the Kremlin on Friday morning, Mr. Gorbachev told Mr. Shultz

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George P. Shultz with an interpreter during a news conference in Moscow on Friday.

Reagan Criticizes Congress

Compiled by Our Staff From Dispatches

WASHINGTON — President Ronald Reagan blamed Congress Friday for part of the trading turmoil on Wall Street, shortly after Democratic congressional leaders welcomed his call for talks on reducing the budget deficit.

A prominent Democrat had predicted that an accord would be reached.

"I predict we'll get that agreement," the House Democratic leader, Thomas S. Foley of Washington, said in a broadcast interview.

Mr. Foley also predicted that the agreement would include a tax increase despite Mr. Reagan's refusal at a news conference on Thursday

night to say whether he would drop his opposition to higher taxes.

"Well, I think there will be increases in taxes," Mr. Foley said. "They will not be taxes that harm the economy."

Addressing a jobs conference on Friday, Mr. Reagan said "disruptive signs on Capitol Hill," including a move toward enactment of protectionist trade legislation and out-of-control "deficit spending," had contributed to the volatile market.

Both houses of Congress are controlled by Democrats.

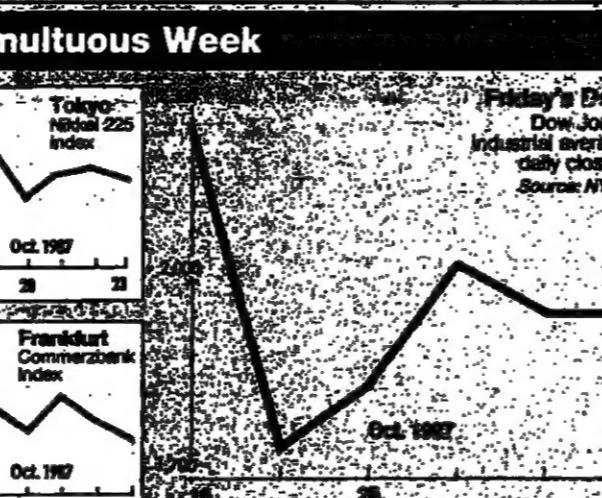
The president, a Republican, said the market gyrations emphasize "the need to send a clear signal

that spending must be restrained."

"I think the market is reacting more to the actions and inactions of the government than the deficit itself," the president said, adding that "those who have to make the decision on whether or not to invest in the future of our economy see some very disturbing signs on Capitol Hill. For one, a dangerously protectionist trade bill working its way through Congress. If passed, that bill would threaten a spiraling trade war and could very well bring our economic expansion to an end."

"At the same time," he said, "we

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International Stock Sell-Off Continues

International Herald Tribune

PARIS — Stock prices fell on world exchanges again Friday as investors continued to look over their shoulders at trading in New York.

In Tokyo, traders who were pained by a 77-point drop in the Dow Jones industrial average on Thursday swamped the stock exchange with sell orders. The market's key indicator, the 225-share Nikkei stock average, lost 1,203.23 points — its second-largest one-day decline — to close at 23,201.22.

Share prices on the London Stock Exchange fell sharply but later steadied after major British banks cut their interest rates.

The Financial Times-Stock Exchange 100-share index, which was down 86.9 points at one point, closed with a 38-point loss, at 1,795.20. The 2.07-percent decline

followed a drop of 110.6 points, or 5.7 percent, on Thursday.

Prices also fell in France, Italy, Australia, South Africa, Singapore and Taiwan.

Investors have become very anxious about the U.S. economy, Kazuhiro Nakamura of Wako Securities in Tokyo told the Associated Press.

"There is a very shaky situation in all the stock exchanges in the world," said Hisamichi Sawa, research director at Prudential-Bache Securities Far East in Tokyo.

In Paris, stocks ended the week narrowly lower after a series of abrupt swings on the Bourse. The general indicator closed with a 0.75-percent retreat, and declining issues outnumbered advances, 114 to 87. Trading was heavy and forced traders to work about 60 minutes beyond the closing bell.

"Everyone is nervous," Mr. Nakamura said. "It will take a long time for the market to stabilize."

Traders said there was fear that Mr. Reagan and Congress would fail to act decisively to correct the federal budget deficit, trade deficit and long-term U.S. debt that many believe are main causes of the market's anxiety.

"Investors have become very anxious about the U.S. economy," Kazuhiro Nakamura of Wako Securities in Tokyo told the Associated Press.

The Tokyo market showed signs of recovering during the morning session, but traders said it dropped sharply after President Ronald Reagan offered no concrete steps to push interest rates down during a news conference Thursday night.

Worries about the continuing impact of the U.S. budget deficit on interest rates and the economy have been cited as key factors in the stock market's troubles.

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In Jaffna, Uncertainty Rules

Indian Claims of Success Against Tamils Are Contradicted

By Steven R. Weisman
New York Times Service

COLONBO, Sri Lanka — Nearly two weeks after Indian troops began their assault on a Tamil rebel stronghold in Sri Lanka, accounts about the operation have become contradictory, uncertain and confused.

Desperate statements by India that the operation is achieving military success, there is growing evidence that the operation has failed in areas claimed to have been secured.

Although India continues to assert that civilian casualties have been minimal, Tamil moderates who do not sympathize with the guerrillas say civilian casualties are high.

Questions about the siege of the northern city of Jaffna are being raised almost daily by various Tamil spokesmen, some Sri Lankan officials, witnesses and some journalists, despite regular Indian briefings.

Accounts of the fighting cannot be verified because the Sri Lankan government and Indian Army authorities have barred reporters from the battle locations.

Thus it has been impossible to ascertain independently the number of casualties, of refugees or even the number of Tamils fighting. No one is sure where the guerrilla leaders are. There have also been several unofficial reports that a negotiated settlement might be imminent, but no such agreement has materialized.

"As of now, the Indian Army assault is causing more problems than it is solving," said Neelan Tiruchelvam, a moderate Tamil leader. "India is risking the alienation

of the moderate Tamils who enthusiastically supported the Indo-Sri Lanka accord." He was referring to the July 29 agreement that called for the introduction of Indian troops to disarm the Tamil rebels.

Tamil claims have been contradictory. Two days ago, a spokesman in London for the Liberation Tigers of Tamil Eelam, the guerrilla separatist group, circulated a letter from 14 Jaffna civil servants saying that 700 civilians had died. But Thursday, Tamil representatives said the number was actually 200.

Recently, Tamil spokesmen have said that Jaffna was nearly deserted. But other Tamil reports say thousands of refugees have been streaming into the city.

India asserted Thursday that 129 of its troops had been killed and 383 wounded since the battle for Jaffna began. Tamil representatives say the figure is much higher.

India has declined to estimate the number of civilian casualties.

Laxmi Puri, the Indian spokeswoman, said Indian troops had gained control over "large sections" of Jaffna, and she pointed to an area in the south and west of roughly 40 percent of the city.

But Tamil leaders in Colombo

25 Tamils Die as Boat Sinks

The Associated Press

COLOMBO, Sri Lanka — A boat carrying an estimated 25 Tamil pilgrims capsized during a storm, killing at least 19, the police said Friday. The accident occurred about 125 miles (200 kilometers) east of Colombo. The police said the Tamils had been celebrating the Hindu holiday of Deepavali, the festival of lights.

TALKS: Shultz Ends Talks Without Date for a Summit

(Continued from Page 1) that he would be sending a letter to Mr. Reagan.

In the letter, Mr. Gorbachev plans to outline new Soviet proposals to reduce strategic weapons and Moscow's position on limiting space research and appeal for a similar outline of Mr. Reagan's personal views on the subjects, Mr. Shevardnadze said Friday night.

Both sides reported success in resolving a dispute over the West German-based Pershing 1A mis-

siles and considerable progress in narrowing other differences over an Intermediate Nuclear Forces accord. The main outstanding obstacle is over the terms of verifying the gradual elimination of the missiles, U.S. and Soviet officials said.

Apparently in an attempt to put the Intermediate Nuclear Forces accord within close grasp, Mr. Gorbachev on Friday proposed a ban of Nov. 1 on the production, testing and deployment of all medium- and shorter-range nuclear ar-

senal on both sides, Tass reported.

Mr. Gorbachev also softened the Soviet stance on proposed cuts in strategic arsenals. Mr. Shevardnadze quoted the Kremlin leader as saying that an accord could put limits on the land-based intercontinental ballistic missile warheads of 3,000 to 3,300 for each side.

The U.S. has already proposed similar limits. Mr. Gorbachev also proposed putting limits on submarine warheads of 1,800 to 2,000 and air-launched missile warheads of 800 to 900.

Despite the concessions, Mr. Shultz and Mr. Shevardnadze, who appeared in consecutive news conferences on the same stage, both said that the key difference between the two sides was over the anti-ballistic missiles and both depicted the dispute as significant.

Signed by both countries in 1972, the treaty establishes the terms under which research on space-based weapons can be conducted.

■ U.S. Questions Stance

The White House spokesman, Martin Fitzwater, said Friday that Mr. Gorbachev's reluctance to hold a summit meeting with Mr. Reagan "raises a lot of hard questions about his intentions and purposes," The Associated Press reported from Washington.

Mr. Fitzwater spoke with reporters after Mr. Shultz announced in Moscow that Mr. Gorbachev said he was not prepared to visit the United States soon unless Washington changed its stand on the Strategic Defense Initiative.

Under the referendum program revealed in the Sejm on Friday after weeks of internal government debate, Poles will be asked if they are "for the full implementation of the program of radical healing of the economy, knowing that it requires going through a difficult two- or three-year period of quick change."

A second question will ask if voters are for "the Polish model of profound democratization of political life."

The vote in the legislature, the Sejm, represented the first step by the government of General Wojciech Jaruzelski in its drive to implement a major economic and political reform program announced earlier this month.

The legislation also established the framework for what officials say will be an intensive effort to

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5 Soviet Generals Die in Helicopter Crash

Reuters

MOSCOW — The Soviet press reported Friday that five Soviet generals died in a helicopter crash earlier in the week in one of the worst accidents to strike the country's military leadership.

The armed forces newspaper *Krasnaya Zvezda* said the crash occurred Monday. Separate obituaries said each man died "in an aviation catastrophe on Oct. 19 while fulfilling his official duties."

The dead included a senior general staff officer, the chief of staff of Soviet forces based in Hungary and the deputy communications chief of the Soviet armed forces.

Two general staff officers whose names were not described and the

helicopter's two-man crew also died.

The newspaper did not give the location or cause of the accident, but the fact that it reported the generals' death in an air crash marked a notable departure from the traditional secrecy surrounding military affairs in the Soviet Union.

"This is a good example of *glasnost* inside the military," a Western defense attaché said, referring to the openness policy of Mikhail S. Gorbachev, the Soviet leader.

The attaché said he did not know of any previous accidents that had caused such a high toll among senior officers. In the past, the Soviet press has provided scant details, if any, of accidents involving the deaths of military officers.

Western military analysts speculated that the crash may have occurred in the thick fog that has shrouded the Moscow area since Sunday. They said the generals may have been on a Warsaw Pact inspection tour.

Colonel General Vladimir Shustov, 63, was the highest ranking of those killed. A World War II veteran, he had served since 1975 as deputy chief of the Armed Forces General Staff's Chief Directorate, which handles major staff policy.

Lieutenant General Kirill Trofimov, 66, rose through the Defense Ministry's administrative hierarchy and since 1977 had served as the military's deputy chief of communications.

Major General Vladimir Bardashhevsky, 49, was recently assigned to the general staff. His post was not given.

Although he was outranked by

two lieutenant generals killed in the crash, his obituary followed that of General Shustov — a sign that he may have been due for promotion, analysts said.

Lieutenant General Yuri Ryabinin, 53, had a post on the general staff, *Krasnaya Zvezda* said, without giving details. He previously had served as a field officer.

Lieutenant General Kirill Trofimov, 66, rose through the Defense Ministry's administrative hierarchy and since 1977 had served as the military's deputy chief of communications.

Major General Vladimir Bardashhevsky, 49, was recently assigned to the general staff. His post was not given.

Andrei N. Kolmogorov, 84, Founder Of Probability Theory, Dies in Russia

By James Gleick

New York Times Service

NEW YORK — Andrei N. Kolmogorov, 84, the founder of modern probability theory and one of the most eminent mathematicians of the century, died in Moscow on Tuesday, Tass reported.

Mr. Kolmogorov's contributions to mathematics in a career that spanned two generations were recognized by honors both in the Soviet Union and internationally. An obituary signed by Mikhail S. Gor-

bachev, the Soviet leader, declared Wednesday that his life "represented an incomparable feat for science."

Mr. Kolmogorov left his mark on many areas of mathematics. He developed an early theory for the flow of energy in turbulent fluids. He introduced the mathematical concept of entropy as a measure of disorder, an idea that now plays an important role in information theory.

But his greatest single achievement was in turning ideas of chance and probability into a rigorous mathematical system in the 1930s.

"He was one of the greatest mathematicians," said Peter Lax of the Courant Institute of Mathematics at New York University.

"He was to probability theory what Euclid was to geometry."

As Euclid did in geometry, Mr. Kolmogorov built up a system of axioms, or fundamental principles, from which complex notions could be derived. His probability theory — described by a younger colleague as the "New Testament" of mathematics — remains central to day.

Born in Tambov in central Russia in 1903, he attended Moscow University and became a professor there at the age of 28. He continued to serve in its administration and on its faculty until his death.

As a member of the Soviet Academy of Sciences and chairman of the academy's committee on mathematical education, he played a central role in overhauling the teaching of mathematics in the Soviet Union in the 1960s.

Notions of randomness and predictability, order and disorder, ran as a constant current through Mr. Kolmogorov's work on a range of problems. As a result, his contribu-

tions to mathematics often spilled over into physics.

In the 1940s, he created a powerful technique for using probability to make predictions in the face of randomness, on the basis of a series of observations. The technique was applied to a wide range of systems, such as the problem of landing an airplane on an aircraft carrier bobbing in the sea, calculating ahead of time what its likely position would be.

Ho Ying-chin, 97, Chinese Nationalist Leader

NEW YORK (NYT) — General Ho Ying-chin, 97, a former defense minister in the Chinese Nationalist government who served briefly as prime minister in 1949 before defeat on the mainland by the Communist revolution, died of heart and lung failure Wednesday in Tai-

pei.

General Ho, an early comrade-in-arms of Chiang Kai-shek, was war minister from 1930 to November 1944, when he was given command of the Chinese Army. After Chiang's flight to Taiwan, he was defense minister from 1949 to 1958 and in later years was active in the Moral Rearmament Movement and the Red Cross.

Ho was brought to France from Parma as a child.

His last major film success was in the 1981 film version of Hugo's "Les Misérables."

Among his other major successes were "Toucher pas au Grisbi" in 1953, "The Valachi Papers" in 1972 and "Le Silence" in 1976.

He often appeared as a major supporting role for such stars as Jean Gabin, Simone Signoret and Alain Delon.

In France, he was best known for his role as the police investigator in the 1981 film "Garde à vue."



AP/WIDEWORLD

Lino Ventura

Heart Attack Kills Lino Ventura, 68, French Film Star

Reuters

PARIS — Lino Ventura, 68, a popular French film star, died Thursday after a heart attack.

The Italian-born actor, a former wrestler, was known mainly for roles as tough gangsters or detectives and made more than 70 films in France, Italy and the United States. He was brought to France from Parma as a child.

His last major film success was in the 1981 film version of Hugo's "Les Misérables."

Among his other major successes were "Toucher pas au Grisbi" in 1953, "The Valachi Papers" in 1972 and "Le Silence" in 1976.

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12 Month	High	Low	Stock	Dw	Yld	PE	52	High	Low	Close	12 Month	High	Low	Stock	Dw	Yld	PE	52	High	Low	Close	
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ARTS / LEISURE

Over-Produced Opera

By Henry Pleasants

LONDON — The extent to which opera has come to be dominated by the producer rather than by singers or the conductor, or even by the composer, has been vividly, if hardly enjoyably, demonstrated in three new productions ushering in the new season.

Within a span of four days we had Nigel Osborne's "The Electrification of the Soviet Union" by the Touring Company at Glyndebourne, staged by Peter Sellars; a new "Werther" by the English National Opera at the Coliseum, staged by Keith Warner, and a new "Marriage of Figaro" by the Royal Opera at Covent Garden, staged by Johannes Schaal.

Attention centered, inevitably, on Osborne's work, not only because it is a new opera rather than the restaging of an old one, but also because it marked the British debut of Sellars, an American already known by reputation for having set "Così Fan Tutte" in a diner, "Don Giovanni" in an urban slum and Handel's "Julius Caesar" around the Beirut Hilton's swimming pool.

Well, he puts "The Electrification of the Soviet Union" right where Craig Raine's libretto, based on a novel by Boris Pasternak, says it is, immediately pre- and post-revolutionary Russia, and gives us a kaleidoscopic, surrealistic view of individual torment in the face of social, political and economic turbulence.

It is a virtuoso accomplishment, eventually defeated by its own unceasing, self-indulgent, self-conscious virtuosity. Everything is overdone, overdrawn, overwrought, frenetic. The unmitting

intensity becomes tedious, and the constant sudden shifting of time and locale, between 1914 and 1920 and between Siberia and Moscow, becomes confusing. As Sellars himself has said, with characteristic hyperbole, "it is extremely impossible to follow. You just have to relax and not worry about not understanding it." Thank you very much!

What is most striking about this evening in an opera house is the way in which Sellars, with an electric, inoffensive, but rather inarticulate score obscuring too much of the text, emerges for better or worse as the actual creative source of the whole enterprise. As such he had exemplary support from the young cast and the London Sinfonia under Elgar Howarth. The production now goes on tour, and is scheduled for inclusion in the repertoire for next summer's Glyndebourne Festival.

Like many before him, Schaal has seen fit to superimpose the Beaumarchais source on Mozart and Da Ponte, making the servants resentful, rebellious and insolent, where Mozart and Da Ponte, wisely, simply made them smarter than their employers, far too smart, indeed, and too aware of their smartness to compromise the advantage of insolence.

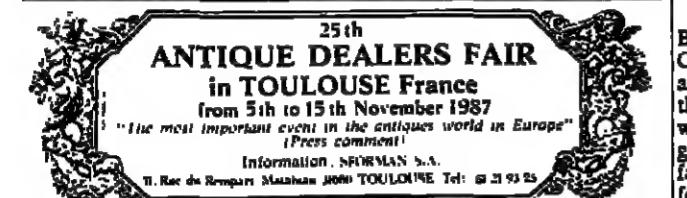
Xenia Haussner's sets are too opulent. Much is lost by having both the Countess and Susanna and the Count and Figaro too similarly attired. The spectacle of the Countess drowning her sorrows in drink during the singing of "Dove Sono" is an affront to both Mozart and Da Ponte, and having the gardener, Antonio, sit down in the presence of a standing Count is — or one would have thought it was — unthinkable.

Musically, again, all is in good order, with Bernard Haitink, in his first new production as musical director, getting the most from the excellent orchestra in support of Claudio Desderi in the title role. Thomas Allen as the Count, Marie McLaughlin as Susanna, Karita Mattila as the Countess and Stella Kleindienst as Cherubino, But where have all the appoggiaturas gone?

I missed a new production of Bizet's "The Pearl Fishers" at the Coliseum, but am happy to pass on a comment by Malcolm Hayes in the Sunday Telegraph: "Knowing what some of ENO's producers can get up to, it's worth sounding a fanfare in Philip Prowse's direction for his decision to set the opera among pearl fishers in the 19th-century Ceylon rather than among drug-runners in the 20th-century Caribbean."

"Werther" Oct. 23, 28, Nov. 2 and 7; "The Marriage of Figaro" Oct. 22, 27, 29, 31, Nov. 2 and 4.

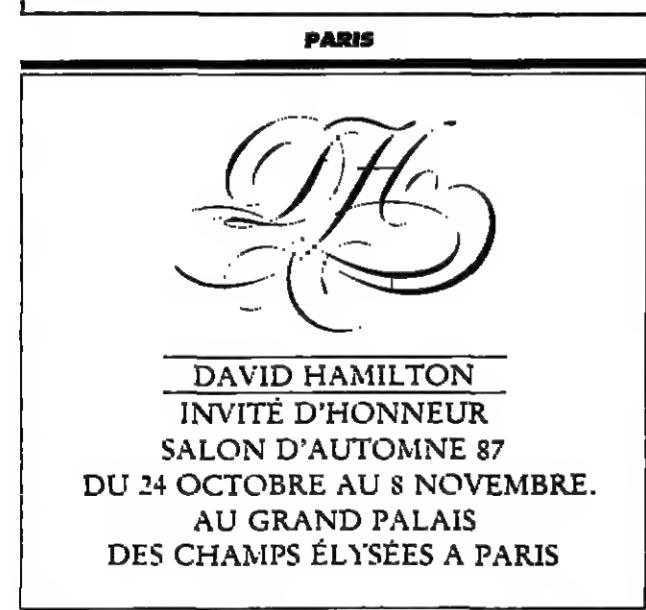
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A page from the Gutenberg Bible, and below, woodcuts from the German Plenarium of 1478.

Joseph Brodsky's Poetry May Appear in Russia

By Bill Kellor
New York Times Service

MOSCOW — The Soviet magazine Novy Mir is negotiating to publish the works of Joseph Brodsky, an exiled Soviet-born poet who won the Nobel Prize for Literature on Thursday, a government spokesman said Thursday.

Gennadi I. Gerasimov, the Foreign Ministry spokesman, said the award to the sharp critic of Soviet power showed the "somewhat strange" taste of the Nobel committee, but said he hoped it would draw attention to Russian poetry of this century. The Nobel award was not reported Thursday night on the main television news program or by the Soviet news agency Tass.

Brodsky, 47, spent 18 months in a labor camp for "parasitism" after the government accused him of posing as a poet without adequate academic credentials. He was ordered to apply to emigrate in 1972, and is an American citizen.

His poetry and essays are well known among the Soviet intelligentsia, but only a handful of his works have been published in the Soviet press. He did his most prolific writing as an exile and, like most exiles, is treated as a non-person in the Soviet Union.

Gerasimov, who was asked about the award Thursday night at a news conference reporting on talks between Secretary of State George P. Shultz and the Soviet foreign minister, Eduard A. Shevardnadze, provided no details of Novy Mir's plans.

Novy Mir has a reputation for publishing provocative work. It was the magazine where Alexander I. Solzhenitsyn published "One Day in the Life of Ivan Denisovich" in 1962, and, in 1968, it is to serialize Boris Pasternak's "Dr. Zhivago."

Big Business as Usual In the Art Market

International Herald Tribune

THE auction markets have been reacting with remarkable cool to the chaos on the world's stock exchanges.

In New York, as Sotheby's and Christie's held their traditional fall sales of important gems on Tuesday and Wednesday, respectively, records tumbled as if nothing had happened. In Sotheby's \$26.7 million sale, the Porter Rhodes diamond of D color, VS 1, weighing 54.99 carats, briefly became the world's second most expensive white diamond ever as London dealer Laurence Graff paid \$3,850,000 for it. At one time, the Porter Rhodes belonged to the Maharajah of Indore and later passed through the hands of Harry Winston. This gave it an aura, partly making up for a clouding effect in the stone, known in the diamond trade as "graining." Graff is believed by professionals to have been buying it for stock.

The next day, Christie's took over with a \$23.6 million auction which made history when a 64.83-carat diamond went up to \$6,380,000. This figure makes it the world's most expensive stone in any category. It leaves far behind the Polar Star, a 41.28-carat diamond which was sold at Christie's in Geneva for \$5,086,000 on Nov. 19, 1980. The \$6.3 million diamond was bought by Lisa Moussault of the London Hilton Jewellers, bidding on the telephone from London.

Other records set during the two days confirmed the strength of the market. At Sotheby's, a 10.07-carat blue diamond fetched \$2.2 million. At \$21,800 per carat, this more than doubled the previous record price, \$10,500 per carat, established at Christie's in Geneva in November 1984. The blue diamond was acquired by Theodore Horowitz, the Geneva dealer who had already established a record this year when he paid \$880,000 for the 0.95-carat red diamond sold at Christie's in February.

François Curiel, Christie's executive vice president and the world's leading auction-house expert on gems, says that the sustained level of buying is an even more telling sign of the healthy state of the market than the record prices paid for unique gems. He cites a ruby ring consigned for sale at the 11th hour with a 6.9-carat Burma gem, sold for \$176,000 and a pear-shaped diamond of D color, flawless, which went up to \$79,000 — \$45,000 per carat is a standard wholesome price, just what I would have expected before Black Monday," Curiel said. Curiel noted that both houses registered the same success rate — 75 percent.

Where stones failed to sell, most professionals agreed, this was due to overpricing and correspondingly exaggerated reserves. Sotheby's supposed star piece, for example, a 35-carat diamond, D flawless, was bought at \$2 million. According to trade rumors, the reserve stood at \$85,000 per carat, when a realistic price would have been closer to \$23,650.

On Thursday, the market was subjected to yet another kind of a test — at the top end. The occasion was the sale of a collection of 15th century printed books formed by the late Estelle Dohany of Los Angeles. Dohany's books, bequeathed to St. John's Seminary at Camarillo, failed to sell.

All the failures to sell were clearly linked to overestimation. Henri Sidaner's view of a southern French village was too small and too thinly painted to make \$9,000-\$12,000 estimate — £9,900-\$13,200 with the sale charge if it had been effectively sold. It was bought in at its opening bid, £8,800. No response whatsoever came from the room. But the next Henri Sidaner, a view of a canal in Bruges done in a purple, black and blue palette that makes it hard to sell was knocked down in a single bid at £13,200 while a third Henri Sidaner landscape "Automne à Némes" did extremely well at £23,650.

Right now on the art market it is business as usual from top to bottom and across the board.

DOONESBURY

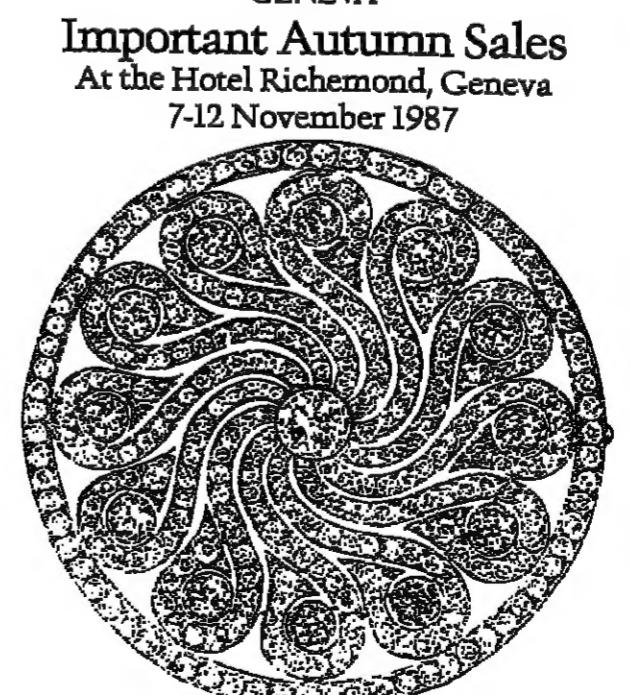
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THE GERMAN ART MARKET

Old Masters and New Business

TWO decades of post-war struggle, followed by a revival of interest in the late 60s, have left the German art market in good shape.

Dealers and auctioneers are seeing a new generation of buyers emerge, yet the market remains as decentralized as the country's political system. Four distinct regions each boast their own major annual art fair, auction houses, galleries and dealers.

The North (Hamburg, Bremen, Lübeck, Kiel & Hanover) has been traditionally subject to Anglo-Saxon and Scandinavian artistic influences. To coincide with its famous industrial fair in Spring (the "Hannover Messe"), Hanover hosts an attractive antiques fair in Schloss Herrenhausen.

Among those present at the 1987 Fair last March: Karl Neudorfer, a well-known prints and drawings dealer from Frankfurt; Neuhaus of Würzburg; Xaver Schweidwimmer (old masters) and Herbert M. Ritter (silver and decorative arts) of Munich; and catalog editor Thomas Le Claire of Hamburg, a young specialist in old master drawings.

The West (North Rhine-Westphalia, Baden-Württemberg and the western part of Hesse: Düsseldorf, Cologne, Frankfurt, Heidelberg, Stuttgart) has always been influenced by its neighbors: Netherlands,



Above, view of exhibition hall in the Orangerie of Berlin. Right, bust of Julius Caesar by Muskat shown by Galerie Neuse.

Belgium and France. The wide-ranging "Westdeutsche Kunstmesse" is held alternately in Düsseldorf and Cologne just prior to the Hannover Fair each spring. Prices are highly competitive when compared to those in London, Paris or New York.

The South (Munich, Augsburg, Würzburg and the Bodensee area) has some cultural ties with France but artistic taste remains closer to that of Italy and Austria. This weekend the "Münchner Antiquitätenmesse" opens its doors for the 32nd time, making it Germany's longest-established art fair.

Over 150 dealers, many from

southern Germany, will be participating in one of the most prestigious events in the German art calendar. Among the top-ranking specialists present: Munich's Arnoldi Livic (old master drawings), Julius Böhler (old masters and furniture), Helmuth Seeling (silver), Heinz Reicher (porcelain and faience), Robert Wölfe (old books and prints) and Eberhard Hermann (antique carpets); Albrecht Neuhaus (French furniture) of Würzburg; and Galerie Neuse (silver and decorative arts) of Bremen.

Berlin's checkered, cosmopolitan 750-year history has resulted in a unique artistic style. Twenty years ago no one could have foreseen Art Cologne's current success. In 1966, 18 German galleries founded the Association of Progressive German Art Dealers with the aim of promoting the "Avant-Garde" in Germany. They refused to admit foreign members, fearing competition from international dealers. When their first fair was organized in Cologne in

1967 — the first modern art fair in the world — they exhibited 600 paintings, drawings, sculptures and objects by 500 artists from Germany and abroad.

The event was an immediate success and in 1968 — worried about competition from the nearby Düsseldorf Fair — Art Cologne invited several prominent foreign guests: Denise René (Paris), Feigen and Castelli (New York), dell'Arte (Milan) and Rowan London.

Art Cologne has come a long way since then. It finally



Bust of Julius Caesar by Muskat shown by Galerie Neuse.

Döring of Hamburg, specializing in books and prints, is another of the country's oldest firms. Their clients include not only German dealers and collectors but experts from all over the world.

Hartung & Kärl (formerly Kärl & Fäber) of Munich (founded after World War I)

specializes in modern art and organizes two annual sales of international importance.

Other well-known auctioneers include Neumeister's, Ruef and Kerner (Munich), Nagel (Stuttgart), Hausweddell & Nolte (Hamburg) and the Villa Gisebach (opened in Berlin 18 months ago). But plenty of

smaller auction houses or galleries have found there is room on the market for all. Take Hermann Historika (Munich), Galerie Mensing (Hannover), Schloss Ahlden and Karstädt & Schulze (Düsseldorf) or Staffordshire Ernests.

"Some people complain that the German market is a bit slow-moving," admits Eberhard Hermann, a respected carpet expert from Munich who does much of his business with foreign clients. "But why set up in London or hectic New York when you can work and live so well over here?"

"Quality is always in demand at the international level," de-

clares Dagmar Fleischmann (Munich), a dealer in 19th/20th century watercolors, drawings and sculptures.

"We've always done business with international clients," adds Mr. Schwedtswimmer, an old master specialist from Munich. Collectors come from far and wide to admire — and buy — his Dutch Masters. "Our prices must be reasonable to satisfy our German clients. This makes us highly competitive in international terms."

"Modern art is still what counts," asserts Mr. Paffrath, a Düsseldorf specialist in 19th century art whose gallery has been in the family since 1887. "But more and more buyers are looking back to the 19th century and old masters." The number of new dealers in these fields lends weight to his claim.

Art historian Sabrina Förster recently opened an old master gallery in Düsseldorf and travels widely — mainly in Italy and the Netherlands — to hunt out new pictures. Both Förster and G.C. Boemer (Düsseldorf and New York), an internationally renowned dealer in old master drawings and fine prints, de-

increasing demand among young buyers.

One dissenting voice in the chorus of artistic optimism is that of Dr. Fritz Conzen, a major figure in the German art world. Conzen possesses one of Germany's leading collections of frames, runs a framing business and owns a number of art and antique shops. He criticizes German dealers as "parochial" and deplores the "lack of help and understanding" displayed by federal authorities.

Yet most of his colleagues consider the German market to be in good shape, internationally competitive and on line for an even better future. One promising sign: next spring, New York's Metropolitan Museum will be opening a wing devoted to German furniture and decorative arts. German dealers are naturally hoping to reap commercial benefit. As Würzburg's Albrecht Neuhaus puts it: "This should attract new trade to the German market and do wonders for the reputation — and value — of German arts and crafts."

This advertising section was written by Roswitha Erbly.

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INTERNATIONAL HERALD TRIBUNE

Published With The New York Times and The Washington Post

Agree on Defense Steps

Technology is America's strong suit in countering Soviet military might. Nowhere is that strength more evident than in the esoteric new devices being developed under the Strategic Defense Initiative, like sensors, nuclear-directed energy weapons and free-electron lasers. The White House is eager to deploy a missile defense system as soon as possible. But that purpose defeats two goals — building a more effective system later, and reaching agreement to reduce offensive missiles with the Soviet Union now. Both goals can be maintained by agreeing to forgo developmental models but prevent testing of full-scale components. They would not impede the Russians on what tests would be allowed, as the treaty requires.

The two sides could set physical limits on the size of mirrors, lasers and other anti-missile devices. These would permit developmental models but prevent testing of full-scale components. They would not impede the Russians on what tests would be allowed, as the treaty requires.

The administration protests that such limits would be unverifiable. But the Russians have recently accepted on-site inspection. Another objection is that negotiating such parameters would require intolerable Soviet intrusion into American research programs.

But in fact the Pentagon already observes limits of its own making. And Mr. Reagan has often pledged to share the fruits of star wars technology with Moscow.

Without new agreement, the ABM treaty and the principle of mutual deterrence will continue to be eaten away by the Pentagon's testing program. It is hard to escape the conclusion that this is precisely the administration's goal. Surely everyone would like to escape the terror on which mutual deterrence depends, but to attempt the escape without real prospects of a near-perfect defense can only add to competition and dangers.

— THE NEW YORK TIMES.

COCOM Needs to Focus

Toshiba and Kongsberg, it now appears, are not the only foreign manufacturers that have violated the embargo on strategic technology for the Soviet Union. Dozens of computer-controlled milling machines were evidently sold to the Soviets by Europeans, including French and West German companies. These cases have come to light in the investigations that the Japanese and, especially, the Norwegian police have been pursuing. All the NATO countries plus Japan belong to the Coordinating Committee for Multilateral Export Controls, COCOM, which is supposed to run the embargo. It seems that many of its members have not been taking their obligations very seriously.

The remedy is not merely to berate them. The United States has contributed to this general lack of regard for COCOM rules. Over the years it has tried to extend the export rules to too many kinds of goods, some widely available even in countries outside COCOM. By its constant attempts to extend the export control net too widely, to include much that obviously cannot be controlled and much that is of only marginal importance, the United States has given the whole system a reputation for being overblown and unworkable. In that atmosphere,

— THE WASHINGTON POST.

New York Takes Stock

New York City is a capital of world finance, and this week it has become a capital of financial trauma. How will the fallout affect New York and other cities where financial services play a big role in local spending and taxing? Common sense dictates serious local planning for the worst, even as federal officials wrestle with the budget and international trade issues.

In New York, the securities industry and supporting fields like printing, accounting and legal services employ some 250,000 people. They are some of the most highly paid in town. The average salary on Wall Street last year was \$65,000 before bonuses and other perks, compared with an average of \$19,000 for all other city industries.

Even before Black Monday, Wall Street's high times had begun to fade. Such major league brokers like Salomon Brothers and Kidder Peabody were already planning to retreat, while Paine Webber and Dreyfus are moving jobs out of town. The events of this week portend an acceleration of those trends, and powerfully threaten the city's real estate development boom. The jolt to the local economy could be devastating: Financial services and real estate contribute \$21 billion annually to the city payroll, more than 25 percent of the total.

— THE NEW YORK TIMES.

Other Comment

Reagan Provokes Skepticism

Too often disappointed in the past, and still traumatized by this week's collapse, the markets have reacted skeptically [to President Reagan's press conference]. Any budget compromise seems far off, and its scope questionable in a presidential campaign period. Tokyo was the first financial center to react to Mr. Reagan's words — with a 5 percent drop. Pledges and conciliatory gestures won't do. The operators want action.

— *Le Monde (Paris)*.

The Party Congress in China

China's momentous 13th party congress, due to open on Sunday, is expected to decide the issue of who will at last take over from octogenarian leader Deng Xiaoping and his elderly colleagues. It could also set policy trends for the next few years by taking deci-

sions on reforms which, once made public before the assembled delegates, would be awkward to undo. Certain to be discussed is the question of political reform. This is not political in the Western sense, since it will not deal with changes in the system but simply with proposals to separate party and government functions and the need to insist on higher qualifications for party members.

This is a far cry from the days of 1986 when real moves toward cutting party power were discussed in the press. Compromise will probably be the keynote of the congress, the wallpaper behind which the old arguments will rage. A balance between conservatives and reformers should at least allow the present very gradual move toward modernization to continue. But an appearance of unity should not deceive the onlooker into thinking that all the old battles about how far and fast China should change are finally over.

— *The Financial Times (London)*.

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International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92200 Neuilly-sur-Seine, France. Tel.: (1) 46.37.93.00. Tel.: Advertising, 613595; Circulation, 612832; Editorial, 612718; Production, 620598. Directeur de la publication: Walter N. Thayer.
Editor for Asia: Michael Richardson, 5 Grosvenor Gardens, London SW1, Tel: 472-7762. Tel: 8255628
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S.A. gen. capitol de 1.201.000 F. RCS Nantes B 73202126. Commission Paritaire No. 61337
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OPINION

United Nations: Working Together at Last?

By Lincoln P. Bloomfield

CAMBRIDGE, Massachusetts — Moscow's decision to pay its United Nations dues follows Mikhail Gorbachev's extraordinary call for wider use of United Nations forces in "ceasefires and armistice agreements." This apparent change in policy comes at a moment when America is engaged in dangerous do-it-yourself peacekeeping in the Gulf. And it can supply the occasion for a long-needed recalibration of how the United States should approach global problems that it cannot handle alone.

In the 1940s and '50s, the Soviet Union was an embattled minority in the United Nations, spouting propaganda and blocking constructive efforts toward peacekeeping and peacemaking. In the 1960s and '70s, as the UN population tripled with 100 newly independent states, the United States would be on the short end of lopsided votes.

For Americans disillusioned with one-sided majorities on Middle East issues, politicization of the UN technical agencies and a double moral standard toward the superpowers, a backlash was predictable, culminating in the 1980s in an assault on the very notion of parliamentary diplomacy.

But politics in the United Nations changed, too. Overwhelming majorities, for example, have condemned the Soviet invasion of Afghanistan and Iranian hostage-taking. America-bashing has diminished and pragmatism has increased in the specialized agencies.

Soviet motivations are unknowable. But America's should be clear. The costs of directly intervening in ambiguous local wars are becoming excessively high for both superpowers. Simple logic commands a new superpower approach toward conflict-prone regions of marginal inter-

est. The same logic indicates a revised UN role aimed at containing local conflicts.

The ultimately tragic "do-it-yourself" peacekeeping mission in Beirut, like the unexplained taking of sides in the Iran-Iraq war zone, violated a cardinal rule of diplomacy: "Never get between a dog and a lampost." In Lebanon, America should be working toward an international corridor sanitizing and national reconstruction. In the Gulf, well conceived strategic doctrine would

give U.S. and other warships an additional blue flag symbolic of a neutral peacekeeping mission.

It has always been true that the United Nations machinery can work only when the superpowers agree. Moscow's positive words — assuming there is substance behind them — could spur a carefully rethought United States strategy.

The writer, who has served with the U.S. State Department and the National Security Council, is professor of political science at the Massachusetts Institute of Technology. He contributed this comment to The New York Times.

The Powers' New Harmony Is on Trial in the Gulf

UNLESS Iran and Iraq heed the repeated demands of the United Nations Security Council for a cease-fire, a cruel war, with all its destabilizing effects, will drag on. That could imperil the newfound "working unity" of the permanent members of the Security Council.

For lack of an adequate response to its first cease-fire demand, the council had to decide between tougher measures and continued diplomatic efforts. It chose the latter course. An arms embargo and a UN naval force have been mentioned, but opinions differ between the permanent and the non-permanent members. In any case, according to Resolution 598 of last July 20, a cease-fire is "a first step toward a negotiated settlement." That means political and diplomatic methods.

So the council acted wisely on Sept. 25 when it asked the secretary-general to consult with the two parties on the establishment of an impartial body to determine the causes of the conflict.

It happened that the foreign ministers of the permanent members were in New York at the time. The U.S. and Soviet ministers had just reached agreement in principle on a treaty for nuclear arms reduction and were anxious not to disturb the spirit of compromise. On Oct. 15, Secretary-General Javier Pérez de Cuellar obtained the council's backing for his plan to have the cease-fire take effect on the same day — no more than 15 days distant — as an impartial body was to start looking into the question of the responsibility for the conflict. Again, the council acted in unity, with firmness and flexibility.

The coming days may be critical. Mr. Pérez de Cuellar needs support. What is also needed is sustained and coordinated pressure from the permanent members until the cease-fire is achieved.

— Eugene Chazov, a Soviet citizen living in the West and a former senior United Nations official, commenting in a personal capacity.

Solutions To the Pain Are Ready

By Flora Lewis

PARIS — There was no lack of warning, and not just from Cassandra but also from serious, knowledgeable people.

Last year, high-ranking government officials, bankers and economists at an Aspen Institute meeting in Venice produced a very gloomy consensus; several even said they hoped for a sudden crisis to shock governments into doing what all knew had to be done. Nearly two years ago, the New York financier Felix Rohatyn said, "I am frightened and utterly baffled." What he sniffed in the air, he said, was "1928-29 fever."

Now the crisis has come in the stock markets. If any further proof were needed, that financial markets have been "globalized," it is in the chain reaction that swept through every financial center around the world in less than 24 hours. The question has to be whether those with responsibility are at last prepared to take the necessary concerted measures to stem the damage and prevent the losses from spreading through the banking system and the world's economy.

There is a tendency to blame the United States for its long failure to deal with budget and balance-of-payments deficits. And there is good reason. As the world's largest market and biggest political power, and the source of the world's reserve currency, which also serves as the measure of most commodity values, the United States is the only country that can lead in organizing cooperative moves.

It has been dilatory and negligent for a generation. The beginning of its misconduct was failure to pay for the Vietnam War with revenues, letting inflation build up instead. Then came poor management of the 1973 oil crisis and its tremendous impact on terms of trade and distribution of available funds. The banks were left to "recycle" petrodollars higgidy-piggidy, building up mountains of bad debt whose servicing needs further skewed trade and dried up purchasing power where it was most required.

The last seven years have added a Jerry-built structure of deregulated and speculative markets on the undefined foundations and made the United States the biggest and most grotesque debtors' club member.

But it is not in anybody's interest to push the United States into brutal, abrupt correction of its bad habits by depression. All countries would suffer. Those with the largest foreign debts came as a result of other states' flourishing exports and capital accumulations. Their growth could not be sustained if the U.S. economy were left to falter, and the week would simply collapse.

Unlike 1929, there is an international pool of experts who know quite well what governments must do. There are institutions to provide the forum. Decisive action is possible and it is only up to the political leaders to make the decisions that the markets are now punishing them for putting off.

The essential first step is to show at last a willingness to act together — in the United States the administration with Congress, in the world the seven leading democratic industrial countries. There have been calls in Europe for an emergency meeting of the seven, possibly at the summit but preferably among finance ministers.

But this time the ministers must do more than merely prop up currency and fiddle with debt schedules. They must proclaim what they well know — that currency, trade, debt and aid are all intimately connected and intertwined.

That certainly does mean a willingness in America to cut the budget and raise taxes; in West Germany to spur growth, which would also help cut its high unemployment; in Japan to raise spending on domestic infrastructure and, very substantially, on foreign aid to the Third World. A far more schematic, overall plan is required for dealing with Third World debt so that impoverished countries can renew their import schedules and continue developing. There must be an early, clear signal that the surge toward protectionism will be stopped and that trade can be expected to expand.

All this sounds vast and complex, but the studies have already been made, the needs identified, the tools made available. They have not been used because those with responsibility have been avoiding accepting it. It is not too late, but time is running out.

The politicians will not be the last to feel the pain that is coming if they refuse to act boldly and in concert. There is no way for one party or one country to preserve an advantage. Everybody's in this together.

The New York Times

Democrats Have Been Better Capitalists

By Hyman P. Minsky

NEW YORK — After the crash I did exactly what most people with a telephone were doing. I called some friends to try to find out what in Heaven's name was going on.

Felix Rohatyn has become almost a trademark for large financial deals. He was one of the rescuers of New York City during its financial crisis 12 years ago.

He told me that the crash was not an aberration but was created by the worldwide casino that the market has become. He said it was a warning that things were seriously wrong. He said that unless something was done shortly and long-range to reduce the deficit, increase federal revenues, lower interest rates and come to some understandings with the other great financial powers, particularly West Germany and Japan, it would remain a "land mine out there" and that recession was a real danger.

Last fall it was very different. Inflation was still low (for which Ronald Reagan and the Republicans were thanked), but disquieting signs of economic upheaval were noted in many of the living room interviews. Companies were closing and jobs were being lost through mergers and acquisitions, shifts to overseas sites or foreign competition. People were spontaneously linking the worsening of America's competitive position in the world, the wasted red-ink budgetary practices of the Washington politicians and the wheeling and dealing of the Wall Street takeover artists as symptoms of a national disease: economic excess.

What we reported at that time was an increasing disquiet, a sense that we were living beyond our means, a fear of a day of reckoning.

These informal interview findings were supported by the results of our national survey, using the favorite question of Mr. Reagan's pollster. I called a young friend, rising and admiring in finance but probably cautious about speaking publicly at this point in his career. He talked about something neither of the other two had

further speculation. Witness the way companies have been "put into play" by takeover artists. But even as fortunes have been made on Wall Street, the economic structure and infrastructure — which depend on real investment in productive capacity — have been deteriorating. The economic structure depends on investment in enterprise, as against paper entrepreneurialism. Speculation is not only an enemy of enterprise by piling on debt it can set the stage for recession.

Liberals Democrats are suspicious of markets. They recognize that unregulated markets are likely to distribute income unfairly and are possibly dangerous to the nation's economic and ecological health. Liberal Democrats are mainly concerned about creating conditions where income from work is available to all. When government is directed to promoting enterprise, then its regulations and interventions curb speculation and help induce employment.

Successful capitalism needs the help of government to create the resources upon which progress depends, to assure that the benefits of progress are spread widely and to contain the market forces that lead to depression.

The lesson from experience is clear. Conservative Republicans are soft Polyanas with regard to capitalism, and liberal Democrats are hard-nosed realists who understand the weaknesses of capitalism even as they recognize, to paraphrase Churchill, that capitalism is the worst of all economic orders until you begin to think about the alternatives.

The writer is professor of economics at Washington University in St. Louis and author most recently of a book about stabilizing the economy. He contributed this comment to The New York Times.

Creditors Are Loath to Finance a War

JUST about the time the stock market was collapsing, the Reagan administration was moving another notch closer to war with Iran. One event did not cause the other, but they are intimately linked. Policy makers have refused to acknowledge that, but Wall Street, whose flights of fantasy are shared or taken by virtually facts, knows better. Eventually there comes a time when even the most outstanding friend stops believing a gambler's promise to reform. Countries on the verge of bankruptcy ought not to be launching wars with other people's money. The United States will not be out of danger until it recognizes that a foreign policy, like everything else in this world, has to be paid for.

— Ronald Steel, a professor of international relations at the University of Southern California, writing in the Los Angeles Times.

100, 75 AND 50 YEARS AGO

1887: Wild West Show

LONDONDERRY — The last week of Buffalo Bill's Wild West commences tomorrow (Oct. 24). Ever since the entertainment opened, the immense buildings at West Bromwich have been daily crowded. Altogether the exhibition may be said to have been a most successful one, and the reception given to Buffalo Bill (Colonel W.F. Cody) in his Wild West performance on every occasion showed how much it was appreciated. The Indians gave him a standing ovation.

The New York Times

1937: The Pianist Bows

ATLANTA — Ross Ponselle's soprano voice rose and fell in Tchaikovsky's "Adieu Forêt." Suddenly the Metropolitan star interrupted the song and tossed back to her pianist, Stuart Ross, a hasty "You're on the wrong key." Ross replied: "No, I'm not." Then to the audience Miss Ponselle said, "Excuse me

NYSE Most Actives						Market Sales						NYSE Index						AMEX Diary						NASDAQ Index						AMEX Most Actives					
Vol	High	Low	Last	Chg.	Vol	High	Low	Last	Chg.	Vol	High	Low	Last	Chg.	Vol	High	Low	Last	Chg.	Vol	High	Low	Last	Chg.	Vol	High	Low	Last	Chg.	Vol	High	Low	Last	Chg.	
Novat	4000	12	10	-2	24,500,000	140.32	139.22	139.22	-0.10	140.32	139.22	139.22	-0.10	-	249	172	168	168	-0.02	140.32	139.22	139.22	-0.10	-	2007	12	11	11	-0.01	2007	12	11	11	-0.01	
AT&T	3200	12	11	-1	23,000,000	139.00	138.00	138.00	-0.10	139.00	138.00	138.00	-0.10	-	172	120	118	118	-0.02	139.00	138.00	138.00	-0.10	-	1980	12	11	11	-0.01	1980	12	11	11	-0.01	
Siemens	2304	12	11	-1	20,000,000	124.00	123.00	123.00	-0.10	124.00	123.00	123.00	-0.10	-	120	100	98	98	-0.02	124.00	123.00	123.00	-0.10	-	1820	12	11	11	-0.01	1820	12	11	11	-0.01	
Genelis	2049	12	11	-1	18,000,000	120.00	119.00	119.00	-0.10	120.00	119.00	119.00	-0.10	-	110	90	88	88	-0.02	120.00	119.00	119.00	-0.10	-	1710	12	11	11	-0.01	1710	12	11	11	-0.01	
Dow140	2341	12	11	-1	17,000,000	118.00	117.00	117.00	-0.10	118.00	117.00	117.00	-0.10	-	110	90	88	88	-0.02	118.00	117.00	117.00	-0.10	-	1610	12	11	11	-0.01	1610	12	11	11	-0.01	
Merill	2048	12	11	-1	16,000,000	116.00	115.00	115.00	-0.10	116.00	115.00	115.00	-0.10	-	110	90	88	88	-0.02	116.00	115.00	115.00	-0.10	-	1510	12	11	11	-0.01	1510	12	11	11	-0.01	
Marl	1853	12	11	-1	15,000,000	114.00	113.00	113.00	-0.10	114.00	113.00	113.00	-0.10	-	110	90	88	88	-0.02	114.00	113.00	113.00	-0.10	-	1410	12	11	11	-0.01	1410	12	11	11	-0.01	
DowCh	1619	12	11	-1	14,000,000	112.00	111.00	111.00	-0.10	112.00	111.00	111.00	-0.10	-	110	90	88	88	-0.02	112.00	111.00	111.00	-0.10	-	1310	12	11	11	-0.01	1310	12	11	11	-0.01	
ForEx	1674	12	11	-1	13,000,000	110.00	109.00	109.00	-0.10	110.00	109.00	109.00	-0.10	-	110	90	88	88	-0.02	110.00	109.00	109.00	-0.10	-	1210	12	11	11	-0.01	1210	12	11	11	-0.01	
GMot	1618	12	11	-1	12,000,000	108.00	107.00	107.00	-0.10	108.00	107.00	107.00	-0.10	-	110	90	88	88	-0.02	108.00	107.00	107.00	-0.10	-	1110	12	11	11	-0.01	1110	12	11	11	-0.01	

Dow Jones Bond Averages					
	Class	Chg.			
Bonds	4.55	+0.02			
Utilities	6.25	+0.05			
Industrials	8.25	+0.08			

Market Sales					
NYSE 4 p.m. volume	24,500,000	140.32	139.22	139.22	-0.10
AMEX 4 p.m. volume	18,000,000	118.00	117.00	117.00	-0.10
OTC 4 p.m. volume	18,000,000	118.00	117.00	117.00	-0.10
NYSE prev. 4 p.m. volume	24,750,000	140.32	139.22	139.22	-0.10
AMEX prev. 4 p.m. volume	18,000,000	118.00	117.00	117.00	-0.10
OTC prev. 4 p.m. volume	18,000,000	118.00	117.00	117.00	-0.10
NYSE total sales	56,250,000	140.32	139.22	139.22	-0.10
AMEX total sales	44,000,000	118.00	117.00	117.00	-0.10
OTC total sales	44,000,000	118.00	117.00	117.00	-0.10

NYSE Index					
High	Low	Close	Chg.		
Composite	140.32	139.22	139.22	-0.10	
Industrials	139.00	138.00	138.00	-0.10	
Utilities	118.00	117.00	117.00	-0.10	
Finance	125.00	124.00	124.00	-0.10	

Friday's NYSE Closing

Via The Associated Press

Dow Jones Averages					
Class	Prev.	Buy	Sales	Chg.	
Oct. 22	1,441.4	1,442.00	1,441.4	-0.01	
Oct. 21	1,441.4	1,442.00	1,441.4	-0.01	
Oct. 20	1,441.4	1,442.00	1,441.4	-0.01	
Oct. 19	1,441.4	1,442.00	1,441.4	-0.01	
Oct. 18	1,441.4	1,442.00	1,441.4	-0.01	
Oct. 17	1,441.4	1,442.00	1,441.4	-0.01	
Oct. 16	1,441.4	1,442.00	1,441.4	-0.01	
Oct. 15	1,441.4	1,442.00	1,441.4	-0.01	
Oct. 14	1,441.4	1,442.00	1,441.4	-0.01	
Oct. 13	1,441.4	1,442.00	1,441.4	-0.01	
Oct. 12	1,441.4	1,442.00	1,441.4	-0.01	
Oct. 11	1,441.4	1,442.00	1,441.4	-0.01	
Oct. 10	1,441.4	1,442.00	1,441.4	-0.01	
Oct. 9	1,441.4	1,442.00	1,441.4	-0.01	
Oct. 8	1,441.4	1,442.00	1,441.4	-0.01	
Oct. 7	1,441.4	1,442.00	1,441.4	-0.01	
Oct. 6	1,441.4	1,442.00	1,441.4	-0.01	
Oct. 5	1,441.4	1,442.00	1,441.4	-0.01	
Oct. 4	1,441.4	1,442.00	1,441.4	-0.01	
Oct. 3	1,441.4	1,442.00	1,441.4	-0.01	
Oct. 2	1,441.4	1,442.00	1,441.4	-0.01	
Oct. 1	1,441.4	1,442.00	1,441.4	-0.01</	

MARKETS IN TURMOIL: World exchanges close out their worst week ever with further losses

Tokyo Stocks Plunge; London Loses Ground

Nikkei Falls 1,203 Yen, Its 2d-Worst Drop

By Margaret Shapiro

Washington Post Service
TOKYO — Prices on the Tokyo Stock Exchange nosedived again Friday in their second-biggest one-day decline despite attempts at assurance by U.S. and Japanese leaders.

Prices plummeted at other major exchanges throughout Asia as nervous investors bailed out in reaction to downturns in New York and London.

A speech Thursday night by President Ronald Reagan designed to calm markets appeared to have made little difference by the time the market closed, analysts said. The Nikkei stock average of 225 selected shares fell 1,203 yen to 3,201.22, a 5 percent fall from Thursday.

Tokyo stock prices rose Wednesday and Thursday following a record 3,836.4-point plunge Tuesday triggered by Monday's crash in Wall Street.

"Reagan's speech helped a little, but it wasn't enough," one stock analyst said. "People wanted to see something more tangible" for dealing with the U.S. trade and budget deficits, he said.

Prime Minister Yasuhiro Nakasone of Japan sought to soothe investors. "There are ups and downs," the market, he said, "but there's no need to worry. The general trend of the economy is not so bad."

Finance Minister Kiichi Miyazawa asserted after a cabinet meeting that the sharp downturn Friday was simply an aftershock from Tuesday's losses.

Security experts said that the Tokyo market was continuing to take its cue from Wall Street. Many investors chose to cash in their stocks rather than risk further losses following the collapse Thursday of a two-day rally in New York.

Brokers in H.K. Predict Big Drop On Reopening

Reuters

HONG KONG — Many brokers said Friday that they expect another volatile session and losses of 20 to 25 percent when trading resumes Monday on the Hong Kong exchange after a four-day suspension.

The Hang Seng index had a record drop last Monday of 420.81 points, or 11 percent, which led to the suspension.

The government said it had called in a London merchant bank, Barclays, and had held emergency meetings with financial experts to try to keep the futures market from collapsing.

Financial Secretary Fiers Jacobs said that, with an estimated 85,000 open contracts on the futures exchange, there was little time to settle on arrangements to ensure an orderly market.

Analysis said that share prices of companies closely tied to the U.S. market posted the biggest declines. Sony Corp., for example, finished Friday at 20.23 yen, down 2.03 yen.

Foreign investors were the biggest sellers, in part, analysts speculated, because they had to cover debts on Wall Street.

Mr. Reagan's speech and rumors of a possible settlement in the Gulf war caused a momentary halt in the Tokyo market's slide, but a massive sell-off affecting almost every stock came just before the close.

In Sydney, stock prices plunged 6.9 percent on Friday as another wave of panic selling slashed prices across the board. The All-Ordinaries index slid 113.30 points to end at 1,515.60, more than 30 points below Tuesday's close and the lowest level in more than eight months.

But the decline, which followed a 58.70 point gain on Thursday, fell short of Tuesday's record one-day drop of 261 points.

Trade Figures, Rate Cut Aid U.K. Shares

Compiled by Our Staff From Dispatches

LONDON — London share prices continued to spiral downward on Friday, but pulled back from early lows after good news on trade, a cut in interest rates and a relatively small decline in early Wall Street action.

The Financial Times-Stock Exchange 100-share index, which slumped to its lowest level since January shortly after the opening, closed 2.07 percent lower at 1,795.20, down 38 points from 1,833.20 on Thursday.

It had fallen 5.7 percent on Thursday.

In Frankfurt, the Commerzbank index set at mid-session was 2.41 percent lower at 1,666.70, a 41.20-point drop from 1,707.90 Thursday.

In Paris, the main Bourse indicator, which slipped 2.95 on Thursday, was 0.3 percent lower Friday.

The London Stock Exchange said its ruling council had decided not to cut normal trading hours. It said it did not believe closing the market for short periods would have a significant impact on volume or the settlement backlog.

Dealers said shares were pushed to their lows in the morning in anticipation that Wall Street would open weaker after a plunge in Tokyo share prices.

News that Britain's current account deficit narrowed to \$55 million in September from \$292 million in August sparked a brief rally.

That rally, though, ran out of steam as some participants used the rise as an opportunity to sell.

Dealers said a cut of a half-point to 9.5 percent in banks' base interest rates, was welcome news but failed to generate a big reaction as attention was focused on Wall Street's opening.

In Frankfurt, leading West German share prices were mixed in a relatively quiet session.

(Reuters, AP)



A DOWNER — A trader on the floor of the New York Stock Exchange appears almost as depressed as the Dow Jones average after another hectic day of mostly selling.

Dollar Tumbles On G-7 Rumors

Reuters

NEW YORK — The dollar declined sharply Friday in New York and Europe as sentiment was soured by lingering speculation that seven leading industrialized nations would meet to lower target zones for the dollar.

Dealers of the dollar by the U.S. and British treasuries did little to limit the dollar's retreat, traders said. President Ronald Reagan's promise to negotiate with Congress on the U.S. budget deficit also rang hollow for currency markets.

The dollar closed in New York at 1,7780 Deutsche marks, down nearly four pfennigs from 1,8175 DM at Thursday's close, and at 141.775 yen, down from 144.950.

It fell to 6,0385 French francs from 6,0635 and to 1,4705 Swiss francs from 1,5065. The dollar also retreated against the British pound, which firmed to \$1.6855 from \$1.6740 Thursday.

The dollar fell through key support levels against the mark. Its low for the day was 1,7760 DM, close to a recent low of 1,7695 DM.

"The 140 yen level is still holding," one trader said. "If it broke through 140, you'd see even heavier dollar selling."

Other traders said the GNP was viewed as old news in light of the stock market plunge Monday. The loss of wealth resulting from the stock market crash will slow growth considerably over the next year, economists believe.

Traders also noted that Friday's trading was a departure from the relative steadiness of the currency markets this week. In contrast, the stock and bond markets have seen extreme price swings every day.

In London, the dollar ended at 1,7885 DM, down from 1,8130, and at 142.45 yen, down from 144.35.

Confusing the picture in Europe was a report on the September deficit in Britain's current account, which dealers said was erratic low, and a half-point cut in British banks' base rates to 9.5 percent.

In earlier European trading, the dollar was fixed in Frankfurt at 1,8060 DM, down from 1,8153 Thursday, and in Paris at 6,0385 French francs, down from 6,0610.

It closed in Zurich at 1,4930 Swiss francs, down from 1,5025.

U.S. Bonds Lose Early Gains as Stocks Rebound

Compiled by Our Staff From Dispatches

NEW YORK — Prices of U.S. government securities closed narrowly mixed Friday in hectic trading after initial gains were erased by the stability in U.S. stock prices dealers said.

Despite the late sell-off, bond prices were as much as 10 points higher, or \$100 for each \$1,000 in face value, from the previous Friday. Investors seeking a haven from falling stock prices worldwide have been pumping money into U.S. Treasury securities.

But the credit market lost early gains of more than 2 points on Friday when the expected decline in U.S. stock prices failed to materialize.

The Treasury market got ahead of itself," said Vince O'Brien of Daiwa Securities America Inc. "It was substantially overbought and

technically due for a correction."

The benchmark 30-year bond opened at 99 23/32 but then retreated to its closing level of 97 22/32, still up from 97 17/32 on Thursday. The yield eased to 9.10 percent from 9.11 percent.

Dealers traced the volatility to the stock markets. Within a single hour on Friday, the Dow Jones industrial average jumped about 30 points above Thursday's finish after having been down about the same amount. It later closed higher by less than a point.

The Federal Reserve continued its recent accommodative credit policy, supplying reserves to the banking system with over-the-weekend system repurchase agreements.

The rate on federal funds, the reserves that banks trade among themselves, closed at 7.125 percent after opening at 6.875 percent, but was little changed from Thursday's average of 7.14 percent.

Traders reported strong buying and selling on Friday, with foreign investors heavily involved in the market.

Meanwhile, the credit markets were bolstered by a rise of just 0.2 percent in U.S. consumer prices last month. Also, the market found support from the report on U.S. third-quarter gross national product, which showed that by a different measure, prices rose 2.4 percent from the previous quarter.

The Fed's recent policy of modestly easing credit has already spread.

"The Fed has already eased its policy modestly."

Stock Fall Will Chase Small Investors From Market, Analysts Fear

By Bill Sing
Los Angeles Times Service

LOS ANGELES — Stunned by the Great Crash of 1929 and its aftermath, small investors by the thousands swore off investing in the stock market and never returned. After the steep market decline of 1968-70, many small investors fled stocks. The panic but occasionally tumultuous market of the mid-1970s left many more reticent to participate in equities.

Now, the Great Crash of 1967, and the bear market or recession that could follow, may leave small investors so chastened that, experts fear, many may cut back or quit investing in stocks and stock mutual funds for years.

"This is going to frighten off a lot of small investors, and quite a few more, too," said the Harvard University economist, John Kenneth Galbraith. "I suspect there will be a substantially more cautious approach to investing after this."

The history of the bear market is that individuals stay out for quite a long time after," said Allen Sinai, chief economist for the brokerage firm Shearson Lehman Brothers. A further flight of individuals from the market could have wide-ranging implications. The market has given millions a stake, both real and emotional, in the capitalist system; but if stocks remain in the doldrums and small investors stay away, the damage to that sense of participation may be profound.

Individual U.S. investors could reduce their use of stocks in individual retirement accounts or com-

pany savings plans. Some mutual funds may founder because of too few customers. Brokerage houses likewise could suffer. On the other hand, sales of government securities, money-market funds and insurance products could benefit.

The assets of money-market mutual funds, for example, soared a record \$9.64 billion, to \$25.84 billion, in the latest week reported, according to the Washington-based Investment Company Institute.

A small-investor pullback also would continue a decades-long trend in which institutions such as pension funds have increasingly dominated stock ownership and trading, accounting for as much as three-fourths of all shares owned.

Of course, how many small investors are discouraged will depend on whether the market can rebound from its devastating losses since Aug. 26. The 289-point rally of Tuesday and Wednesday brought many back into the market searching for bargains. Several brokerages reported strong upsurges in customer buying volume on those days.

Also, analysts say, many small investors have not left the market because they have not been hurt that badly. This is because they tend to invest in stocks of smaller companies and in mutual funds, both of which have fared better than the blue-chip issues that make up the Dow Jones industrial average.

Small investors who have been in the market since 1982, when the bull market began, also may stay in, noted John Markee, director of research for the American Associa-

Investors Sue Bear, Stearns, Alleging Firm 'Panicked'

Compiled by Our Staff From Dispatches

NEW YORK — A group of investors sued the brokerage Bear, Stearns & Co. for \$100 million on Friday, charging that the giant Wall Street firm panicked during Monday's stock market collapse. The suit is expected to be the first of many.

The plaintiffs are Pompano-Windley City Partners Ltd. and East Wind Associates Ltd., partnerships based in Boca Raton, Florida, and Stephen Lawrence, who holds a majority interest in both. In a filing in Manhattan federal court, they alleged that the brokerage "fraudulently" sold the plaintiffs' stock at the lowest prices of the day and without notifying them of margin calls. A Bear Stearns spokesman said the company would not comment.

The unprecedented crush of stock trading this week has overtaxed not only the computers that operate the major exchanges but the humans who carry out orders.

The securities industry insists it has received relatively few formal complaints and that the system is performing well under what are unprecedented circumstances. But officials admit to severe problems. Brokerage houses, faced with as many as quadruple the usual number of calls from clients, have thrown vice presidents and secretaries into the breach to confirm orders and apologize to customers well into the evening.

The crunch apparently hit extra hard at discount brokerages, where fees are lower but no investment advice is offered and brokers often have between 300 and 400 customers each. (Reuters, LAT)

tion of individual investors. They are still ahead, since the Dow average is still more double its low of 766.92 on Aug. 12, 1982, he said.

But those who invested within the past three or four months, and who consequently lost the most from Monday's crash, may not come back for a long time.

During the middle and late 1960s, known as the "go-go" years, many investors were drawn into the market by rising stock prices that were driven by speculation and a conglomerate merger movement.

But the ensuing bear market, along with another in 1973-74 and the inflation that followed, made stocks a generally poor investment in the 1970s. That so discouraged

small investors that the number of individuals who owned stock or stock mutual funds fell 18 percent in 1975, to 25.27 million from 30.85 million in 1970, according to the New York Stock Exchange.

Individual ownership of stock or stock mutual funds has recovered since and grown during the bull market to now total about 47 million people: about one in four adult Americans. But the bulk of that growth came through investing in mutual funds, as individuals refrain from owning stocks directly due to a desire for greater diversification and professional management, fear of the market's volatility and a perception that professional traders have unfair advantages.

SCENE: Explaining the Irrational

(Continued from first finance page)

Iranian Silk worm missile hit a Kuwaiti installation Thursday, hurt the market. "All the news is why I'm sitting on the sidelines," said Ken Schiff, a 36-year-old real estate syndicator in Manhattan. He said that the tensions and fighting in the Middle East were "a concern."

Many people say that the U.S. economy is sound but that national leadership is weak. Some call Mr. Reagan a lame duck. Geoffrey Bell, president of Geoffrey Bell & Co., an international economic advisory concern, said he doubted that enough would be done to calm the bond, foreign exchange and stock markets.

That, he said, would take a two-percentage-point rise in the Federal Reserve's discount rate and serious action on the budget deficit. "The end result," he added, "will be even higher interest rates in 1988 than would be necessary if decisive action were taken now. The big question then becomes whether a recession can be avoided in late 1988 or in 1989, and I am becoming increasingly pessimistic on that score."

One point of strength in the market has been the relative stability of the dollar. Statements last week by Treasury Secretary James A. Baker 3d alarmed the market, driving stocks down. George Soros, the wealthy head of the Quantum Fund, said he was deeply troubled by news reports that Mr. Baker was planning (or allowing or threatening) to let the dollar slide if not hold its interest rates down.

Mr. Soros considered this "utterly stupid." He hedged his bets by buying Japanese yen and other foreign currencies. But Mr. Baker sub-

sequently denied that the United

States had adopted a new policy setting lower rates for the dollar against the Deutsche mark. He said that the Group of Seven agreement reached in Paris in February was still in effect. This helped to steady the market earlier this week.

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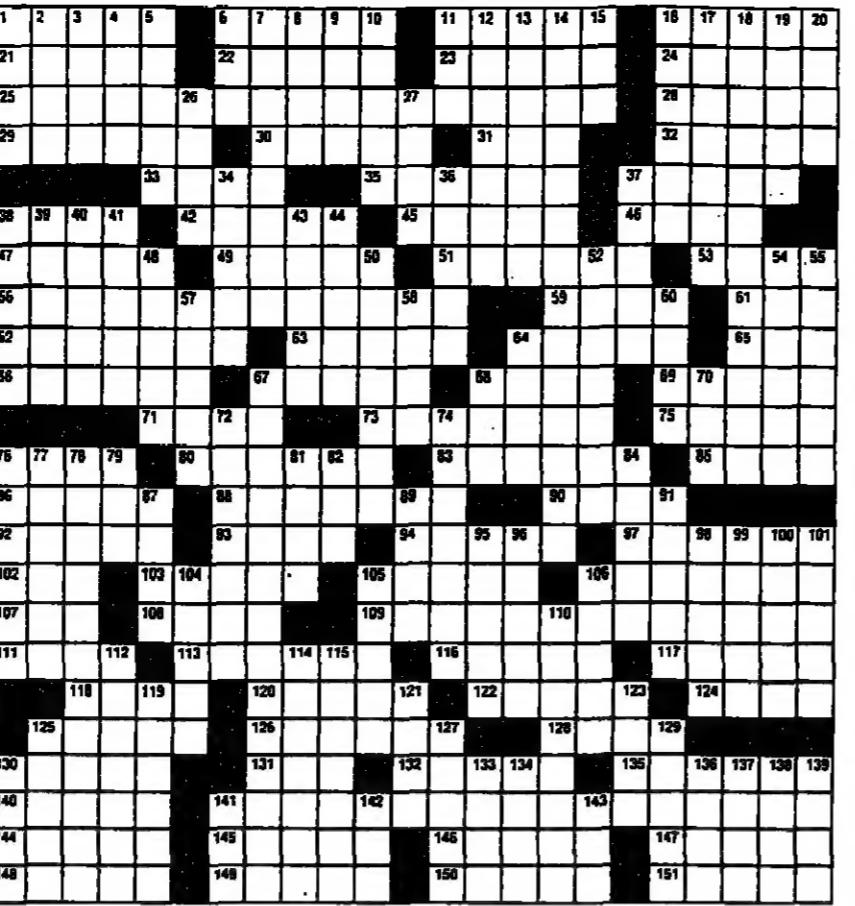
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22 Pigment for Constable
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24 Convex molding
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102 Santa Lucia, e.g.
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108 Missile housing
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International Followers By June A. Boggs



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2 Join at the edge
3 Intricate plots
4 Tarnish
5 Extravagant
6 Steady trot
7 Makes it to the top
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9 — and the Man! — Shaw
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DREAMS AND DELUSIONS:

The Drama of German History
By Fritz Stern. 323 pages. \$19.95. Alfred A. Knopf, 201 East 50th Street, New York, N.Y. 10022.

Reviewed by John Gross

WHEN Fritz Stern was 17, he was given an opportunity that can have come only to the few 17-year-olds: the chance to discuss his future with Albert Einstein. He confessed to being in a quandary: Should he go ahead and study medicine, as three generations of his family had done before him, or should he follow a new-found enthusiasm and switch to history? Einstein's response was unambiguous. There was no problem — medicine was a science, and history was not, and that was that.

Happily for historical studies, Stern refused to be daunted by this Olympian advice. In the course of a

BOOKS

distinguished career, spent mostly at Columbia University, he has published a series of notable studies of modern German politics and political culture; and in a new book, "Dreams and Delusions," he returns once again to his abiding concerns — to what the subtitle calls "the drama of German history," and, as a secondary but highly charged theme, to the role played by German Jews in that drama.

He begins, indeed, with an essay on Einstein and with a companion piece on Fritz Haber, a key figure in German science in the earlier part of the century — a Nobel laureate, director of the Kaiser Wilhelm Institute in Berlin, the man in charge of chemical warfare during World War I.

In many ways, Einstein and Haber present a

study in contrasts. They were both Jews, but while Einstein's sense of Jewish solidarity was strong enough for him to become a Zionist (of an unconventional kind), Haber converted to Protestantism at the age of 24. Einstein, rebelling against the authoritarian atmosphere of his high school, left Germany in his teens; returning there in 1914, he receded from the tide of nationalism and militarism unleashed by World War I and proclaimed himself a pacifist. Haber, for his part, remained as staunch in his loyalty to the established order during the war as he had always been.

Yet the two men were friends and colleagues. During the 1920s, for all his fears about where Germany might be heading, Einstein felt more at home in the community of German scientists among whom he found himself than anywhere else; and whatever the hostility directed against him by the Nazis and their sympathizers, he steadfastly turned down offers from universities abroad.

In emphasizing this, Stern sounds a note that he takes up again in "The Burden of Success," a series of reflections on the role of Jews in German history. Neither the tensions nor the contradictions of German Jews before Hitler, he argues, nor their eventual fate should lead us to play down their achievements and the extent to which they were woven into the general fabric of German society.

This argument is itself part of a broader contention: that we should guard against reading German history as though all roads led to 1933 or 1945. Still, Nazism didn't drop down out of a clear blue sky. At the heart of "Dreams and Delusions" there are two long essays that try to account for the movement's success and to diagnose the temptations it held out.

Stern points to two developments that in his view made Germans especially vulnerable to Hitler. One was the vacuum left by what he calls the silent secularization of Protestant Germany, something that had been going on since the Bismarck era; the other was the "distorted political education" Germans received as a result of World War I.

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SPORTS

NFL's Regulars Are Back

Bears' McMahon, Shoulder Healed, Joins Them

By Michael Janofsky

New York Times Service

NEW YORK — Players came and went during the National Football League strike, and some teams weathered the four-week interruption better than others. San Diego, San Francisco and Washington won all three games; Kansas City, Philadelphia, Minnesota and the New York Giants lost all three.

Among the constants, besides ownership solidarity and network support, was the play of the Chicago Bears, who managed to move to a 4-1 record without the quarterback who may be better known for selling motorcycles and tacons than leading the team to a victory in the Super Bowl two seasons ago.

But when the NFL's regulars resume their careers Sunday, so will Jim McMahon, fresh off his doctor's most optimistic report. The injured right shoulder that kept him sidelined for all but six games last season has healed enough for him to return, and he expects to play Sunday in Tampa, Florida, where the Bears face the Buccaneers (2-2) for the second time since the season began.

"As far as the strength, it's pretty much the same," McMahon said the other day in Lake Forest, Illinois, where the Bears train. "It was just a question of endurance. I've thrown for three or four days now without any soreness, and that was the big problem. I feel ready to play right now."

It is unlikely he will start. Coach Mike Ditka has indicated that Mike Tonzak will open the game and events would dictate whether McMahon comes in.

The shoulder has been a problem throughout McMahon's six years with the Bears. Last season, he was in and out of the lineup through 12 weeks before Chicago's Martin of the Green Bay Packers slammed him to the turf in a 12-10 Chicago victory, effectively ending his season. Two weeks later, he had surgery.

Since then, he has undergone rigorous rehabilitation. On Monday, Dr. Frank Jobe, who had performed the surgery, cleared McMahon to return.

NATIONAL CONFERENCE

St. Louis Cardinals (2-3) at New York Giants (0-5): The Giants are not quite mathematically out of the playoffs. Psychologically, it's a different story, and the Cardinals are one of the teams capable of an upset now and again. Unlike last season, when the Giants beat them twice, 13-6 and 27-7, the Cardinals have scored at least three touchowns in every game.

NFL PREVIEW

Dallas Cowboys (3-2) at Philadelphia Eagles (1-4): Both teams were 1-1 before the strike. The Cowboys would seem to have an advantage in that Danny White and Tony Dorsett have played. But they were not enough to overcome the Redskins, a team without veterans, last Monday night. Lossing to Washington and beating New Orleans, the Eagles were fairly formless. The Cowboys will probably win.

Green Bay Packers (2-1) at Detroit Lions (1-4): Neither team won before the strike, so this appears even. If either has an edge, it's probably the Packers, with a stronger defense and the

this game will see two of the biggest money-losers of the strike in Dan Marino and Jim Kelly, the quarterbacks.

Cincinnati Bengals (2-3) at Pittsburgh Steelers (3-2): Both were 1-1 before the strike and seem close in ability. Of the two, however, the Steelers gave more indications of better things to come, their quarterback, Mark Malone, notwithstanding. By virtue of a 30-17 victory over the 49ers on opening day, the Steelers showed what's possible.

Kansas City Chiefs (1-4) at San Diego Chargers (4-1): The records are misleading because each was 1-1 before the strike and the Chiefs' victory was over the Chargers in week one, 20-13. The Chiefs have won two of the last three games in San Diego.

Seattle Seahawks (3-2) at Los Angeles Raiders (3-2): The Raiders' 2-0 prestrike were the class team of the conference, having given up just a touchdown. Now, they may be even better with Bo Jackson available at running back. The Seahawks were 1-1, with a bad loss to Denver.

New England Patriots (3-2) at Indianapolis Colts (3-2): Colts Coach Ron Meyer coached the Patriots for two and a half seasons. That should help him understand why the Colts will lose.

INTERCONFERENCE

New York Jets (4-1) at Washington Redskins (4-1): Only a 21-20 loss to the Falcons before the strike has kept the Redskins from a perfect record, making them a scary proposition for the Jets, who were 2-0 before the strike. What's more, the Redskins coaches were so impressed with their replacement team that they kept 17 players.

Amarillo Falcons (3-2) at Houston Oilers (3-2): This is the first meeting of the season between two teams that have threatened to move to Jacksonville, Florida. The Oilers were 2-0 before the strike. Curt Ford, Clark. But they didn't exactly destroy anybody as the 49ers of bygone years did. That should make this closer than you think. The Saints are just a game out of first place and have several new faces in the starting lineup, including Barry Word, a rookie at fullback.

AMERICAN CONFERENCE

Buffalo Bills (2-3) at Miami Dolphins (3-3): The regulars or replacement Dolphins, one thing never seems to change: They have trouble stopping people. That should make for quite an entertaining game here because the prestrike Bills didn't stop anybody, either. Also, fans watching

addition of several players from the replacement team.

San Francisco 49ers (4-1) at New Orleans Saints (3-2): The 49ers won all their strike games, due in large part to Joe Montana and Dwight Clark. But they didn't exactly destroy anybody as the 49ers of bygone years did. That should make this closer than you think. The Saints are just a game out of first place and have several new faces in the starting lineup, including Barry Word, a rookie at fullback.

MONDAY NIGHT

Los Angeles Rams (1-4) at Cleveland Browns (3-2): The regular Rams haven't won and don't seem to change: They have trouble stopping people. That

should make for quite an entertaining game here because the prestrike Bills didn't stop anybody, either. Also, fans watching

the game, the composition of the organizing committee and the opening and closing ceremonies.

North Korea said it had made concessions in recent talks, proposing that it take five full sports and one partial event to break the deadlock. It said South Korea rejected the proposal, saying co-hosting the Games was not up for discussion.

As a result, the report said, North Korea's Olympic Committee "arrived at the conclusion that as long as the present military dictatorial regime exists in South Korea, the prospect of the 24th Olympic Games is not up for discussion."

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North Korea Sees 'Gloomy' Olympic Prospects

The Associated Press
TOKYO — North Korea said today that the prospect of cooperating with South Korea to host the 1988 Olympics was "gloomy" and that the International Olympic Committee to postpone bilateral talks until after South Korea's presidential elections in December.

The Korean Central News Agency, monitored in Tokyo, said the decision was announced by Kim Il Sung, the North Korean Olympic Committee chairman.

The report repeated North Korea's demands for a sharing of rights in the Summer Games and a solution of disputes over the title

of the games, the composition of the organizing committee and the opening and closing ceremonies.

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POSTCARD

The New Brown Derby

By Steve Harvey
Los Angeles Times Service

LOS ANGELES — Anthony de Pasquale of Hartford, Connecticut, spotted the Brown Derby sign at the corner of Hollywood and Vine — and immediately thought of home.

"We've got lots of Brown Derby steak houses back there, so I decided to come in," de Pasquale explained in the lobby.

"Uh, we are not associated with those Brown Derbys," a restaurant spokesman told him.

De Pasquale stayed to have lunch anyway — and said he enjoyed it.

Most of the other customers, however, were drawn to the official opening Thursday of the relocated eatery by the memories it evoked of Hollywood's past: Clark Gable proposing to Carole Lombard in Booth No. 5 (he got a yes), the ventriloquist Edgar Bergen lurching with his dummies, and the gossip columnists Louella Parsons and Hedda Hopper ignoring each other in separate rooms.

That Hollywood Brown Derby, which opened in 1928 half a block away, shut down in 1985 when the owner, Walter Scharfe, decided that the aging Spanish-style building was "over the hill."

It was almost like old times Thursday.

The new Derby offered its trademark Cobb's salad and grapefruit cake. And many of its original numbered, black-leather booths were there as well as the hanging ink caricatures of more than 1,000 stars, including one of a young actor named Ronald Reagan, who wrote beside his name: "Hang me high!"

But some of the glamour was missing in the new Derby, formerly the site of a Howard Johnson's restaurant.

Celebrities were noticeably absent at the symbolic film-cutting ceremony. "John Ritter was going to stop by at luncheon but he decided not to because of the rain," said a Brown Derby spokeswoman, Anne Ingram. She added that there was a rumor that President Reagan would call in congratulations, but that his Thursday night press conference had taken precedent.

Gawkers, however, turned out in large numbers. "A woman came up to me and asked if I was in 'General Hospital,'" said one diner, Maggie

Britt, a publisher's representative. "When I said no, she asked if I was somebody she should know."

But, even if the stars were present only in photos and drawings, the memories were enough for some.

"Seems like I spent most of my life in the Hollywood Derby — all the way back to 1938," said the retired television and radio announcer Dressed Dahlstrand. "We had a booth on the left side. You used to see everyone there."

"When I heard it was reopening I remembered the old number and called and they answered — the same number since I started coming here in 1946 — isn't that wonderful!" said Sue Clark Chadwick, a publicist for the old "This Is Your Life" television and radio shows.

"This really makes our trip," said Dorothy Mason of Rio Verde, Arizona, who spotted all the communication and stopped to have lunch with her husband, Robert.

No one was more pleased than the owner, Walter Scharfe, now that his dream of reopening the Hollywood Derby had come true. Or half true.

He said he planned to install a second floor in the shape of a derby with seating capacity for an additional 150 people.

SCHARFE, who acquired the rights to the name in 1975 and owns a Brown Derby in Pasadena, California, hopes to open more Brown Derby restaurants in Palm Springs, Honolulu and Vancouver.

He is no longer associated with the Original Brown Derby, which was built in 1926 by the restaurateur Herbert Somborn to win a bet from a friend that "if you know anything about food you can sell it out of a hat."

That Brown Derby folded in 1980, and part of the hat was transplanted around the corner in a shopping center called the Brown Derby Plaza. Scharfe said his lawyers have asked the shopping center to change its name.

But for now, it's happy to hang his hat on Hollywood and Vine.

"This is more cheerful than the old Derby," he said. "There was no daylight in that one. Here we combine Hollywood atmosphere with sunshine and lights. What we do here in 7,000 square feet we did there in 24,000 square feet."

Timothy Crouse, Anything Goes

By Lois Romano
Washington Post Service

NEW YORK — Timothy Crouse stepped off the campaign bus four elections ago, and at least in political circles, he's scarcely been heard from since.

"What's ever happened to him anyway?" asks Stephen Hess, media analyst for the Brookings Institution in Washington. "His book was like a cold shower in '73. It exposed the foibles of the press corps in an incredibly high pressure atmosphere."

Crouse's book, "The Boys on the Bus," showed up 15 years ago as an unvarnished look at pack journalism on the 1972 campaign trail and quickly became a minor classic. It exposed reporter egos, pushed the premise that political journalists were basically unimaginative and generally gave an unsettling behind-the-scenes account of how the news gets from Des Moines, Iowa, to the nation's breakfast tables.

The book is still in print, with 355,000 copies in circulation, and still surfaces on high school and college reading lists. But its author, now 40, couldn't be more removed from the process.

"I get calls every four years on the book — a British television reporter wanted to come see me the other day," says Crouse, currently living in New York and working on a Broadway show. "I'm in this really funny position of not knowing anything about the subject matter any more. Every morning I eat my cornflakes and read the headlines in the Times. That's about the extent of it."

The son of the playwright Russel Crouse (his sister is the actress Lindsay Crouse) has taken on the job of rewriting and updating one of his father's biggest hits, the Cole Porter musical, "Anything Goes." His collaborator is John Weidman, a longtime friend and former Harvard roommate. Performances begin in September and the musical officially opened this week.

"I guess, in some ways, this is like a campaign," Crouse said. "Writing a musical and traveling with a campaign are both hermetically sealed enterprises. You sort of get on a plane and you don't know what's been going on in the world. And this is the plane I've been on for the last eight months."

In 1972, Crouse was commissioned by Rolling Stone to spend the year riding press planes and buses and cover the reporters who cover the candidates. His running mate in those days was another Rolling Stone writer, the Gonzo legend Hunter S. Thompson. At the time, both "alternative journalists" were more than welcome as a can of Raid at an art convention.

Crouse later turned his Rolling Stone piece into a best seller that was devoured by anyone who had anything to do with American politics.

"When Ed Muskie supposedly wept in New Hampshire, I don't think there were any television cameras there. I don't remember ever seeing a clip of this — it was just a bunch of guys and their subjective opinions. I remember arguments. It's very different today. Joe Biden said something that just was not refutable."

Dudley M. Brooks/The Washington Post
Timothy Crouse

No one argues that "The Boys on the Bus" changed presidential campaign coverage significantly, but it did create an awareness some might have preferred to ignore.

Having a reporter covering reporters "took the fun out of presidential campaigns, in the way that Donald Segretti took the fun out of dirty tricks," recalls Robert Squier, a political consultant. "After that you never knew who was writing about what."

Crouse says he hasn't seen much change in campaign coverage. One of his critics in the book was how political journalists hesitated to hand in news stories that differed substantially from those of their colleagues. He concedes that he "can't imagine reporters in '72 covering Gary Hart the way they did this year," but he believes the change has more to do with the post-Watergate mentality than with increased individual enterprise.

Another comment on changes since 1972 involves technology. "There is more information on tape, which is easily reviewed, and it now can be someone's undoing, as in Biden's case," he says, referring to the borrowed rhetoric that helped to knock Senator Joseph R. Biden, a Democrat of Delaware, out of the presidential sweepstakes.

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"It's in no way an update," says Weidman.

"What we tried to do is take a 1930s view, set solidly in the 1930s, and use all of the devices that have come along since then. I think from the script we have a 1930s play. But back then it took three and a half hours and now it runs two and a half."

Crouse has readied himself for the kind of critique of his work that has made of others' work. But one of his toughest critics, he reports, has given the play a nod: his mother, Anna Crouse.

"She liked it a lot," Crouse says. "If there were problems, I certainly would have heard about them."

For a few years following the book, Crouse wrote a column on politics and the media for Esquire, then did more work for Rolling Stone. After that, he retreated to Gloucester, Massachusetts, to work on a different career path.

Crouse says he's had an interest in "Anything Goes" since he was a youngster. "It was in my father's trunk that meant a lot to me. I saw a revival of it when I was 13 and that's a dangerous age for something like this. It made an impression on me."

He remembers the elder Crouse telling him, how, when "Anything Goes" opened in Boston in 1934, he stood outside the theater and advised his friends not to go in. "The point of the story is that my father and Howard [Lindsey, Russel Crouse's longtime collaborator] were the most painstaking craftsmen in the world. They prided themselves on that. They spent months and months getting the dialogue just right. They couldn't stand having it made in the show. And this was really thrown together so fast that they fastened the last scene on the train to Boston."

Five years ago, Crouse decided to put his spin on the musical and contacted Weidman. The two men have worked it off and on, reaching peak intensity a few months ago.

Since then they've been sequestered in various rooms and apartments trying out funny lines on each other 10 hours a day. Weidman says that despite Crouse's familial connection to the work, "he's never pulled rank" on him.

After the show went into a pre-opening production last month, Crouse and Weidman began going to see at least one of the two performances a day. Often, they were simply trying to see if the audience was laughing at their lines.

"Not having any reaction at all is a strong reaction," says Crouse.

"It's a loud sound," says Weidman, a former editor of National Lampoon.

And then back to the room they went.

"The characters are essentially the same," Crouse says of the rewrite. "The story is not quite the same. There is more emphasis on the romance."

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PEOPLE

Jockey Jailed in Tax Case

Lester Piggott, the former champion jockey, was sentenced to three years in jail on Friday after pleading guilty to evading income tax on £3.1 million (about \$5.1 million) of earnings. A successful trainer since retiring from racing in 1985, Piggott, 51, was sentenced at Ipswich Crown Court, where Anthony Hinden, the prosecutor, said the case involved a "massive evasion of corporation and income tax over a period of more than 10 years." The judge, Sir Donald Farquharson, said he could not overlook deliberate failure to report revenue when less affluent taxpayers were paying their taxes in full. Piggott, who rode about 5,000 winners around the world during a 38-year career and amassed a record 29 victories in the English Classic races, had escaped prosecution during two previous Inland Revenue investigations after agreeing to repay the money he had not declared.

Employees and their publication of the photographs would be a breach of copyright.

Thirty paintings by Noel Coward went on show in London Thursday. The pictures, mostly colorful landscapes and marine views such as "The White Cliffs of Dover" and beach scenes in England and Jamaica where he had a vacation home, will be sold in London Feb. 18 to benefit theatrical charities. Auctioneers Christie's said they expect to raise nearly \$500,000. Grahame Payn, Coward's friend and executor, said the playwright had advice from several artist friends and he always painted indoors. "He was a good painter," Payn said, "but he couldn't stand the wind and the rain." Coward, who was born in 1899, died in Jamaica in 1973, didn't sell his paintings, but gave some away as gifts. Payn said that after the February sale, he will distribute the Coward works he has retained among theatrical museums in Britain and the United States.

Judge Hans Rovner ruled in Chicago that a New Jersey firm cannot use the name, likeness or signature of the late Norman Rockwell, perhaps the most popular artist in America, on collectibles it markets. The judge ordered Rayed House to stop selling figurines and certain other collectibles bearing Rockwell's signature, to stop using his picture or signature in advertising or packaging, and to destroy any such products, advertising and packaging. Thomas R. Rockwell, the artist's son and administrator of The Norman Rockwell Family Trust in Chicago, filed the suit earlier this month. Rockwell died at age 84 in 1982.

The Church of Scientology on Thursday lost its second bid to block publication of a biography of the movement's late founder, L. Ron Hubbard. The Court of Appeal in London upheld a lower court ruling that the movement's attempt to block "Bare-Faced Messiah" by Russell Miller were "mischievous and misconceived." The Scientologists claimed that diary and letter extracts in the book were obtained through a breach of confidence by one of their former em

Michael Jackson has opted for the Great Wall of China rather than the Great Australian Outback, his Sydney agent said Friday. Jackson, currently in Hong Kong, had scheduled a 12-day outback holiday before beginning his concert tours of Australia and New Zealand next month. However, the 29-year-old singer informed his Sydney agent Guyon Jackson that he had accepted an invitation to visit China instead.

FRENCH GIRL #4, 19, will come to Paris with American footballer Eric Weidman, 26, on Feb. 10. They will be staying at Hotel de la Paix, 10th arr. Photo & letter to A.J.C. Po Box 400, Randolph, N.J. 07869.

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AU PAIR #17, IMMEDIATE. Care for newborn and light housekeeping. French speaking. Dr. house, non-smoker, non-drinker. Send photo & letter to Box 245, 22nd arr., Paris, France.

AU PAIR #18, IMMEDIATE. Care for newborn and light housekeeping. French speaking. Dr. house, non-smoker, non-drinker. Send photo & letter to Box 246, 22nd arr., Paris, France.

AU PAIR #19, IMMEDIATE. Care for newborn and light housekeeping. French speaking. Dr. house, non-smoker, non-drinker. Send photo & letter to Box 247, 22nd arr., Paris, France.

AU PAIR #20, IMMEDIATE. Care for newborn and light housekeeping. French speaking. Dr. house, non-smoker, non-drinker. Send photo & letter to Box 248, 22nd arr., Paris, France.

AU PAIR #21, IMMEDIATE. Care for newborn and light housekeeping. French speaking. Dr. house, non-smoker, non-drinker. Send photo & letter to Box 249, 22nd arr., Paris, France.

AU PAIR #22, IMM